



## Schools Forum

**Report title: Dedicated Schools Grant 2020/21 Funding Settlement.**

**Date:** 16 January 2020

**Key decision:** No.

**Item number 6**

### **Outline and recommendations**

*Purpose of this report is to update Schools Forum, with regards the 2020/21 Dedicated Schools Grant (DSG).*

*The report will further propose the individual schools budget (ISB) in line with mandate approved by forum at its meeting in December 2019.*

*Schools Forum is asked to support the detailed recommendations as outlined in sections 1.6 – 1.11 of this report,*

## Timeline of engagement and decision-making

This report is based on the final funding settlement advised by the Department for Education in December 2019 and the principles agreed with Schools Forum at its December 2019 meeting.

Based on the approval of the proposed recommendations the APT tool (outlining Lewisham Council's Intentions for the Local Schools Funding Formula for Primary and Secondary Schools) will be submitted to the Department for Education for Secretary of State approval.

All other aspects of funding (High Needs/Central Services to Schools Block and Early Years) will be effective from 1<sup>st</sup> April 2020.

### Summary

- 1.1 This report confirms the Dedicated Schools Grant Funding Settlement for 2020/21.
- 1.2 Table 1 shows the gross DSG settlement for 2020/21 relative to settlement for 2019/20.

**Table 1  
Comparison of the DSG 2020/21 to 2019/20 Gross Funding Settlement**

2020 to 2021 DSG allocations, before recoupment and deductions for direct funding of high needs places by Education and Skills Funding Agency (ESFA)					
	Schools Block	Central School Services Block	High Needs Block	Early Years Block	Total DSG Allocation
	£m	£m	£m	£m	£m
<b>2020/21</b>	212.135	4.645	55.712	24.865	297.356
<b>2019/20</b>	209.649	5.420	51.498	24.526	291.093
<b>Movement</b>	<b>2.486</b>	<b>-0.775</b>	<b>4.213</b>	<b>0.339</b>	<b>6.263</b>

- 1.3 The report further provides explanatory information for each of the DSG funding blocks (Schools, Central Services Schools Block, High Needs Block and Early Years Block).
- 1.4 Overall the DSG for 2020/21 shows an overall increase of £6.263m. The report will discuss the detail for each sub block.
- 1.5 Schools Forum is asked to note/agree the following:

### Schools Block

#### 1.6 Note the following:

- A Overall increase in funding net of £2.486m (table 2, para 1.14)
- B Variance (table 3, para 1.15) notes the funding receivable for Primary Age pupils at

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£5.125.27 and for Secondary Age pupils at £6859.10. This is in line with the information presented to forum in December.

- C Overall reduction in Pupil numbers of a net 307
- D Two options for APT submission have been presented (section 1.20, 1.21 and 1.22). Only difference being the treatment of Growth being either as a Stand alone budget or part of the APT.

#### **1.7 Agree the following:**

- A Option 2 (section 1.22) which is the preferred option by Lewisham Council.
- B Generates 1.84% MFG uplift (both options do).
- C Total cost is £209,305
- D Balance of £631,714, of which £200k to remain in Growth Fund, £200k to support errors and omissions as the APT is not final until DfE ratification. This leaves a residual £230k. Lewisham is seeking a disapplication from DfE to marginally increase the MFG rate, if this is not known by the Schools Forum date it will be necessary to transfer the funds to the High Needs Block with a view to support schools.
- E De-delegation as detailed in (table 4, para 1.28) and note the requirement for funds to support DfE licence fees.

### **Central Services to Schools Block**

#### **1.8 Note the following:**

- A A net reduction of £0.791m to be applied to the High Needs Block Contribution as discussed in paragraph 1.41

### **High Needs Block**

#### **1.9 Note the following:**

- A Overall increase of £4.213m (table 6, para 1.36).
- B This is derived at an increase of £4.713m as advised to Schools Forum in December, being offset with an overall reduction in pupil numbers in special school and independent provision of £0.494m . A query has been raised with the DfE and we are awaiting a response.
- C Response to the Disapplication request for the transfers from Revenue to Capital is still awaiting decision from DfE
- D Assuming DfE supports the transfer a total of £1.415m increase will remain to support SEN spend.

### **Early Years Block**

#### **1.10 Note the following:**

- A Confirmation of an increase of 8p in each 2 year old and 3 year old funding

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- B Figures remain provisional until the January 2020 and January 2021 figures are finalised
- C Inclusion fund for 2020/21 is now anticipated to be circa £790k.

**1.11 Agree the following:**

- A Approve the Early Years 3 & 4 Local Formula as illustrated in (table 7, para 1.42).
- B Approve the distribution of the Early Years 2 year old increase as outlined in (table 8, para 1.44).

**Background**

1.12 Funding to support schools (and schools associated spend) is largely provided as part of the Dedicated Schools Grant (DSG). The DSG is sub-divided into 4 parts, commonly known as “blocks”. Each block operates within rigid guidelines detailed in the associated grant conditions. The determination of each funding block is based on specific national funding formula methodology.

1.13 The four blocks are:

- A Schools Block-** determines the schools main budget share, known as the “individual schools budget”.
- B Central Services to Schools Block-** This is a 2 part determination. The first part is based on historic spend as at 2012/13 local authority spending priorities. The second part is National Funding Formula Rates applied to pupil numbers. This aspects is mainly for statutory and regulatory functions such as admissions and those aspects covered by the Ex Education Services Grant.
- C High Needs Block-** Funding to support most aspects of Special Education Needs Funding. Including top up, place funding, cost of further education SEN provision etc Based on the High Needs National Funding Formula.
- D Early Years Block –** Supports funding for early years provision, i.e under 5. Funding covers provision for 3 and 4 year old early entitlement, 2 year old funding, Inclusion fund and transitional support for the 2 nursery schools.

**Schools Block**

**1.14 Funding Settlement Detail**

Overall the Schools Block will be increased by £2.486m Table 2 shows further breakdown.

**Table 2  
Schools Block Analysis**

Detail	2019/20 Funding £m	2020/21 Funding £m	Variance £m
Primary	125.958	126.258	0.300
Secondary	75.879	77.710	1.832
Premises	7.020	7.204	0.184
Growth	0.792	0.962	0.170
<b>Total Gross Funding</b>	<b>209.649</b>	<b>212.135</b>	<b>2.486</b>

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- 1.15 **Primary and Secondary Phase Funding.** With regards Primary and Secondary Schools pupil led funding, the table shows a net increase of £0.300m (Primary) and £1.832m. Table 3 provides further breakdown between movement in funding per pupil and pupil numbers.

**Table 3 Variance Analysis for Primary and Secondary Funding Element**

Unit funding	2019/20 Unit of Funding	2020/21 Unit of Funding	Variance
	£	£	£
Primary	5041.65	5,125.27	83.62
Secondary	6,722.65	6859.1	136.45
Pupil data	2019/20 Pupil Number Data	2020/21 Pupil Number Data	Variance
Primary	24984	24635	-349
Secondary	11287	11330	43
Net	36271	35964	-307
Overall	2019/20	2020/21	Variance
	Total £m	Total £m	Total £m
Primary	125.958	126.258	0.300
Secondary	75.879	77.710	1.832

- 1.16 The above table confirms increase's in per pupil funding of £83.62 (Primary) and £136.45 (Secondary), which is in line with updates provided to forum in December. However, now that the census October 2019, data is used this confirms a reduction of 349 pupils in primary schools which is offset by an increase in Secondary School numbers of 43, to provide a net reduction of 307 pupils. It should be noted that this reflects a 1.4% reduction across primary schools. Place planning is currently reviewed by the Schools and Admissions place planning forum.

- 1.17 **Premises Funding** – table 2 provides the detail that has determined that premises related funding. It should be noted that funding is based on 2019/20 actual APT. the only exception being an inflationary uplift to the PFI factor related funding of £80,683.

- 1.18 Growth Funding - Funding to support growth has been increased by £190k

- 1.19 Overall the total value of £212.135m will be used to determine the Schools Budget Share.

- 1.20 **APT tool (authority proforma tool)** - All Local Authorities are required to submit their funding formula to the Department for Education by the 22<sup>nd</sup> January 2020. It is a requirement of the submission that the funding formula is agreed by Schools Forum. Two options are presented for Schools Forum to consider :

1.21 **Option 1**

- A Uplift per pupil of 1.84% requiring an overall £210,930,739
- B Growth Fund Requirement of £600k
- C Unallocated Funding of £604k to be held within the Growth Fund. (at the time of writing this report a request has been submitted to the DfE to allow for a disapplication on the 1.84% i.e to increase this figure).

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## 1.22 Option 2: Variation to the above model.

Growth Fund in reality should be used for Bulge Classes or for flexibility to implement unplanned expansions. Lewisham appears to use the Growth Fund for planned expansions as agreed with Schools Forum. Whilst this is a reasonable approach, the DfE preference is for planned expansions to be included in the APT tool, thereby allocating resources to schools based on the standard characteristics associated with their school .eg FSM/EAL etc.

1.23 Option 2 places all pupils on the APT tool, which means that each school would receive funding to support the schools pupil led characteristics. Following the current practice only one school is currently being added to the APT for Growth.

1.24 For 2020/21, it is proposed that the agreed growth will be protected. It is proposed that for 2021/22, a consultation with schools takes place to consider if protection should be offered for planned expansion and upto what level.

1.25 Funding to be held back will cover small provision for bulge expansion/unplanned expansions and the support funding for bulge classess. For 2020/21, it is essential to hold some funding to support errors and ommisions –particularly with regards the two academy schools that have demerged. This is a new treatment in the accounts and the tool has been updated based on DfE’s advice, but still needs ratification.

1.26 It also need to be clarified that additional funding of £4k will only follow bulge classess until the bulge exits. All other expansions will not receive this funding.

1.27 Appendix A provides School by School detail of the two options and compares the position with 2019/20. It should be noted that year on year comprison is influenced by the movement in pupil numbers and rates.(NNDR) Option 2 includes growth on the APT, where option 1 requires growth to be funded on the tool. Table below shows growth on the APT tool v outside of the APT.

School Name	Phase	Status	Option 1	Growth	total	Option 2	Extra Funding
			£'000	£'000	£'000	£'000	£'000
St Winifred's RC Primary School	Primary	Maintained	£1,983	£28	£2,011	£2,023	£12
John Ball Primary School	Primary	Maintained	£2,785	£55	£2,840	£2,862	£22
Sir Francis Drake Primary School	Primary	Maintained	£1,546	£55	£1,601	£1,634	£33
Ashmead Primary School	Primary	Maintained	£1,343	£55	£1,398	£1,424	£25
Our Lady and St Philip Neri Roman Catholic Primary School	Primary	Maintained	£1,503	£28	£1,531	£1,543	£13
Bonus Pastor Catholic College	Secondary	Maintained	£6,167	£46	£6,213	£6,268	£55
Haberdashers' Aske's Hatcham Temple Grove Free School	Primary	Recoupment Academy	£1,909	£110	£2,019	£2,055	£36

**Schools Forum is asked to support Option 2.**

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## 1.28 De-delegation

Table 4

	Pupil numbers		Free School Meals (6)		Total
	Primary	Secondary	Primary	Secondary	
Contingencies	£17.69	£17.99			£557,604
Free school meals eligibility			£6.10	£5.89	£58,664
Staff costs supply cover	£34.90	£35.48			£1,100,000
Additional school improvement services	£9.52	£9.68			£300,000
Sub-total	£62.10	£63.15	£6.10	£5.89	£2,016,268
Licences/ subscriptions	£5.78	£5.78			£181,357
<b>Total</b>	<b>£67.88</b>	<b>£68.93</b>	<b>£6.10</b>	<b>£5.89</b>	<b>£2,197,625</b>

- 1.29 Overall the de-delegation position remains in line with 2019/20. The rates shown reflect the movement in pupil numbers and FSM6 numbers. The total value of de-delegation in 2019/20 was also £2.016m.
- 1.30 Currently the DfE purchase various copyright licences for Schools. This is charged to the LA but to date, the pressure has been borne centrally, instead of being recharged back to schools.
- 1.31 Schools Forum is asked to approve the de-delegation of licences (total cost £181k). This method is preferred over an invoice based system for ease of collection.

### Central Schools Services Block (CSSB)

- 1.32 The table below confirms the funding for 2020/21. Relative to 2019/20, this is a net reduction of £0.775m. There are two parts to this calculation, the first is formulaic. This shows an increase in the rate receivable from £40.37 to £41.15, i.e 78p which is equivalent to 1.9% and generates an increase of approximately £16k. The main issue is around the historic commitments budget. In essence this means that there is a reduction of approximately £791k, or net £775k if this is offset with the increase. Funding managed by each Local Authority, will vary depending on the main priorities as set during the baseline year of 2012/13. For Lewisham, the funding supports the High Needs Block, Lewisham Learning Partnership, Pension Contribution Commitments and Corporate Recharge Support.
- 1.33 Recognising the £4.7m increase in funding for the High Needs Block and recognising that approximately 50% of the budget supports the contribution to the High Needs Block, the most sensible approach is to apply this reduction to the High Needs Block Contribution.

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1.34

**Table 5  
Central Services to Schools Block**

	Central school services block (CSSB)				Total central school services block (£s)
	CSSB unit of funding (£s)	CSSB number of pupils*	Pupil Driven Funding £m	Funding for historic commitments (£m's)	
<b>2020/21</b>	41.15	35964.000	1.480	3.165	4.645
<b>2019/20</b>	40.37	36270.500	1.464	3.956	5.420
<b>Net</b>	0.78	-306.500	0.016	-0.791	-0.775
<b>%</b>	1.9%	-0.8%	1.1%	-20.0%	-14.3%

### High Needs Block

1.35 Table 6 shows the provisional High Needs Block Funding. The figure is provisional subject to the revision of something called an “import/export adjustment”, which in essence is an adjustment between Local authorities to take account of the number of places moving in and out of each Local Authority. The adjustment should broadly speaking be cost neutral.

1.36

**Table 6  
High Needs Block Provisional Funding**

	National funding formula (NFF) allocations (excluding basic entitlement factor and import/export adjustments)	Basic entitlement factor (area cost adjusted) unit of funding	Number of pupils in special schools and academies*	Total for Pupil Number Related Funding	Import/export adjustment (based on January 2019 school census and February R06 2018 to 19 individualised learner record)	Additional Funding for Special Free Schools	Total high needs block before deductions
	£m	£m	NOR	£m	£m	£m	£m
<b>2020/21</b>	54.678	4,830.86	645.00	3.116	-2.082	0.00	55.712
<b>2019/20</b>	49.965	4,822.53	748.50	3.610	-2.082	0.006	51.498
<b>Movement</b>	<b>4.713</b>	<b>8.328</b>	<b>-103.500</b>	<b>-0.494</b>	<b>0.000</b>	<b>-0.006</b>	<b>4.213</b>

1.37 The above table confirms that the base line increase in funding is £4.7m. In addition, the pupil numbers in our schools attract an additional £4.8k per SEN pupil. This figure suggests a reduction of 103 which reduces the funding receivable by £0.494m. This figure is currently being queried with the DfE. Schools Forum will be updated as necessary, however for the purpose of the funding settlement this will be assumed to be the correct figure.

1.38 At this stage the import/export adjustment is at the 2019/20 level showing £2m. This is yet to be revised but it is anticipated that this figure will be cost neutral.

1.39 The DfE has yet to confirm the one off transfer from revenue to capital. A disapplicaion has been submitted. Should this be approved, the spend allocation for this will be considered as part of the mitigation plan and progressed in discussion with the Schools Forum High Needs Working Group.

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- 1.40 In summary, this means that there is a net increase in the high needs block of £1.415m (i.e £4.7m increase in HNB formula, offset by reduction in pupil led HNB £0.494m, reduction in CSSB £0.791m and a transfer from revenue to capital of £2m).
- 1.41 The £1.415m is expected to support any increase in pressure on high needs including supporting costs for schools with higher proportion of SEN pupils, supporting pilot working on SEN support and resources to support swifter turnaround of EHCP etc.

## Early Years Block

- 1.42 Table 7 below summarises the provisional Early Years Block Funding. Schools Forum will be aware that due to the nature of the funding settlement being based on pupil counts at January (i.e for 2020/21 it will be partially based on January 2020 and January 2021), the funding levels will remain provisional till circa July 2021, when the final confirmation takes place.

**Table 7**

### Early Years Block Funding

	3 and 4 year old					2 year old			Pupil premium	DAF	NMS - supplementary funding	Total Early Years Block
	Hourly Rate	PTE	£m Funding	PTE plus 15 hours	£m funding for plus 15hrs	Hourly Rate	PTE	£m Funding				
2020/21	5.70	4,821	15.662	1,658	5.387	6.580	855.430	3.208	0.077	0.090	0.442	24.865
2019/20	5.62	4,821	15.442	1,658	5.311	6.500	855.433	3.169	0.077	0.085	0.441	24.526
Movement	0.08	0.00	0.220	0.00	0.076	0.080	-0.003	0.039	0.000	0.005	0.000	0.339

- 1.43 The table confirms an overall increase in funding of £0.339m. Schools Forum will note that at the last meeting of the Forum in December, it was confirmed that the hourly rate for 3 and 4 year olds would increase by 8p. The final settlement confirms an increase of 8p for 2 year old funding as well.
- 1.44 In line with the formula distribution agreed with Schools Forum at the two autumn meetings, the 3 and 4 year old funding will provisionally be set as follows:

**Table 8**

Detail			15 hours PTE	15 hours Extra	Total Budget
	<b>£5.70</b>	%	<b>4,821</b>	<b>1,658</b>	
			<b>£m</b>	<b>£m</b>	<b>£m</b>
Hourly Rate	£5.000	88%	£13.739	£4.725	£18.464
Deprivation	£0.210	4%	£0.577	£0.198	£0.775
Local offer (inclusion fund)	£0.155	3%	£0.426	£0.146	£0.572
Contingency	£0.050	1%	£0.137	£0.047	£0.185
LA Central Funds	£0.285	5%	£0.783	£0.269	£1.052
<b>Total</b>	<b>£5.700</b>	<b>100%</b>	<b>£15.662</b>	<b>£5.387</b>	<b>£21.048</b>

- 1.45 The above table further demonstrates that the passthrough rate requirements will be complied with, in line with DfE regulations.
- 1.46 With regards 2 year old funding, at the December meeting, Schools Forum was advised that Lewisham receives £6.50 per hour. £6 is directed to providers based on the termly count. Again it should be noted that the funding to Lewisham is based on January counts (January 2020 and 2021 for 20/21) yet allocations are made on

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three terms. Table 9 below shows the 2018/19 position to illustrate this point.

**Table 9**

	Summer 18	Autumn 18	Spring 19	Total	DFE funding	underspend
<b>Weeks</b>	12	12	14	38		
<b>2018/19</b>	841	814	897		<b>837</b>	
<b>£</b>	£908,280	£879,120	£1,130,220	£2,917,620	<b>£3,102,150</b>	£184,530
<b>Movement in base</b>	3.71	-23.29	59.71	40.14		
<b>Cost</b>	£4,009.50	-£25,150.50	£75,237.75	£54,096.74		

- 1.47 If all things had been equal there should have been an underspend of £238,626. The table shows that 40 more pupils were placed compared with funding i.e termly allocation drift. Costing £54k, therefore reducing the underspend to £185k. The balance was used to support deprivation support for 3 and 4 year old formula. Recognising that the funding has now increased to £6.58 (i.e increase of 8p).
- 1.48 Schools forum is asked to approve that the direct allocation to providers remains at £6.00. The remaining 58p is split as tabled below:

**Table 10**

	2018/19		2020/21
<b>50p i.e. 7% contingency and inclusion fund</b>	£238,627	100%	£282,805
<b>Underspend- target to inclusion fund</b>	£184,530	77%	£218,693
<b>Termly Allocation Drift</b>	£54,097	23%	£64,112

- 1.49 It should be noted that subject to Schools Forums approval, this means the new provisional allocation for the inclusion fund is now a respectful £790k. Schools forum has been advised of the concerns raised by both the Group Finance Manager and the Director of Education at the lowly level previously at Lewisham of £250k. In summary, the inclusion funds supports our most vulnerable during the early part of their life to manage any needs including early preventative and supportive involvement. It is expected that early intervention and support, could also provide a longer term financial benefit for the Local Authority in terms of pressure on the high needs block.

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### **Financial implications**

- 1.50 There are no additional financial implications arising from this report. This is a technical financial report with all financial aspects covered in the main body of the report.

### **Legal implications**

- 1.51 "Regulation 10 of The School and Early Years Finance (England) (No. 2) Regulations 2018 requires local authorities before the beginning of the funding period and after consultation to decide on the formula used to determine school's budget shares. The local authority is required to submit its funding formula to the Department for Education by the 22<sup>nd</sup> January 2020."

### **Equalities implications**

- 1.52 There are no direct equalities impacts arising. The recommendations in this report apply equally to all stakeholders in line with the Department for Education's requirements.

### **Climate change and environmental implications**

- 1.53 Not applicable

### **Crime and disorder implications**

- 1.54 Not applicable

### **Health and wellbeing implications**

- 1.55 Not applicable

### **Report author and contact**

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